

Chapter 9

Scenario Planning as a Tool to Manage Crises in Chaotic and Uncertain Environments: The Case of the COVID-19 Pandemic

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ABSTRACT

This chapter will describe scenario planning and establish its value in facing crises and chaotic situations. It explains how research in the field has evolved and describes context conditions such as uncertainty, crisis, and chaos, which provide fertile grounds for scenario planning. A bibliometric analysis is presented to illustrate the increase in the study of scenario planning as a tool to deal with uncertainty. Examples from scenario planning around the world are introduced to show its global application and potential. A comparative analysis is presented based on different exercises in scenario planning developed during the COVID-19 pandemic to provide an insight into the key uncertainties linked to the health crisis and how a broad perspective can help provide clarity in chaotic environments.

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INTRODUCTION

Modern times have been declared as postnormal times (Sardar, 2010). The pandemic has been a shock beyond volatility, uncertainty, complexity, and ambiguity. This is a period of transformation, an in-between phase where old ideas are dying and new ones are yet to be developed; therefore, sensemaking becomes difficult (Sardar & Sweeney, 2016). In business and management and other disciplines, the study of uncertainty becomes relevant as it is the inherent state of nature, pervading organizational life in a permanent form. This chaotic context calls for different planning strategies that incorporate the unknowns and the unknowables.

Uncertainty is an inevitable part of growth and development. In permanent evolution, uncertainty presents itself as a series of challenges that need to be continuously addressed. The same social structures cannot withstand the growing forces of change, and some are disappearing. It is a constant succession of new beginnings, transformations, and reconstructions. Life has become a series of relatively connected phases in which certainties have become blurred, more fragile, and less reliable.

Times are changing in unprecedented ways, and they are becoming more fragile and less trustworthy, uncovering a reality in which previous social structures are no longer valid. The age of uncertainty (Ágh, 2015) has been declared as a contrast between the certainty of economic and social ideas (Russel, 2018) that prevailed in the XIX century, the beginning of the XXI century.

The increased speed of developments makes it practically impossible to determine what the future might hold; every event and circumstance that the world faces has a heavy uncertainty load. Under these conditions, people want the world to make sense, be predictable, and follow clear cause-and-effect rules. However, the future is not foreseeable; globalization and technology are sweeping away market structures that have historically defined business and the nature of competition, making it impossible to predict, with any confidence, what the future will bring. The new millennium and especially the COVID-19 pandemic have brought about the most profoundly uncertain business environment ever faced.

Understanding uncertainty is critical in the current business environment. Different theories have explained the notion in response to the times we are living in. The best-known conceptualization is that of the VUCA times. The acronym refers to times that are volatile, uncertain, complex, and ambiguous. The VUCA times were initially conceived by the American militia to describe the new world order after the Cold War (Foresight, Kuhla & Rice, 2018), becoming a guideline for understanding a changing global world.

Modern times have also been described as exponential, turbulent, liquid explosive, chaotic, tumultuous, prone to seismic change, and postnormal (Sardar, 2010). We are living in an era that has been referred to as a new reality that is destructive, impulsive, and unpredictable, one in which ubiquitous, continuous, and dynamic changes are all-pervasive in organizations.

The influence of these conditions is visible in all aspects of business, including knowledge management and networks, strategy and decision-making, lean enterprises and agility, exploration and innovation, institutional complexity, leadership development, leadership resilience, employee involvement, and participation.

The COVID-19 Pandemic has created a particular situation in which uncertainty prevails. Still, uncertainty is one of the most crucial business environment conditions, and businesses have to adapt by using different tools to manage chaos. In times of crisis, trying to predict a single outcome is a recipe for disaster because when everything is uncertain, there is a need to plan for multiple outcomes. Additionally, after a crisis, some things will return to normal, while others will not (Seewald, 2020).

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